

Group of Eight Chooses Laptops, Ignores Reality

by Nancy Spannaus

Given the state of mind of the heads of state of the major industrialized nations, it were better if they had chosen not to meet at all at the scheduled Group of Eight (G-8) summit in Okinawa, Japan, on July 20-23. That was the evaluation of economist Lyndon LaRouche in the days leading up to the Okinawa summit, and the proceedings of that affair have more than confirmed its wisdom. It is already a scandal that the summit itself cost \$750 million, much more than the leaders agreed to write off in debt for the poorest nations. But the biggest scandal is far different.

First, the leaders of Great Britain, France, Italy, Germany, Japan, Canada, Russia, and the United States agreed among themselves that the world economy was doing fine, and recording "strong growth this year." Second, after having put the crucial issues of crushing Third World debt and the scourge of infectious diseases on the table, the heads of state made little more than a verbal, or piddling financial commitment to act. Instead, the major accomplishment of the summit was pronounced to be the establishment of the Digital Opportunity Task Force (DOT Force), a public-private partnership aimed at giving the starving and disease-wracked nations of the world an entrée into the "Information Revolution."

In a modern parody of Marie Antoinette, they told the Third World: Let them eat laptops.

The only consolation amid this travesty is that the actions of the G-8, like those of the French *ancien régime*, are increasingly irrelevant to serious political processes. Political leaders in Asia, the Middle East, and even Europe have not only taken notice of the inevitability of the collapse of the bankrupt monetary system, but they also have begun to put together fall-back options for defending themselves from that collapse. And it is increasingly clear that the ideas of LaRouche, who has had proposals for a new monetary system on the table for more than 25 years, are in the center of their discussions.

The Debt Issue

On the initiative of United Nations Secretary General Kofi Annan, the summit was scheduled to begin with a meeting between the G-7 leaders, and the heads of three organizations of poor nations: the Non-Aligned, the Group of 77, and the Organization of African Unity. The Non-Aligned's Thabo Mbeki, President of South Africa; the G-77's Olusegun Obasanjo, President of Nigeria; and the OAU's Abdelaziz Bouteflika, President of Algeria, all showed up in Tokyo, for what was dubbed the "Debt Summit."

On the table, according to reports from the Jubilee 2000 group which works closely with these leaders, was the lack of progress by the G-7 in fulfilling its promise to cancel \$100 billion in debt from the Highly Indebted Poor Countries (HIPC's). The G-7 had promised to cancel this debt back in Cologne in 1999, but has only actually agreed to cancellation of \$15 billion, which itself has not yet been wiped off the books. The reason for the delay has been the series of *conditionalities* being applied to the 40 Third World nations which qualify as HIPC's, but have not yet agreed to the measures of budget cuts, privatization, and "democratization" which were demanded of them, in order to have *some* of the debt cancelled. In fact, even after carrying out these measures, some of the HIPC's still end up paying the same percentage of debt service, this time to private creditors.

True to form, the international media have not publicized the speeches of the Third World leaders. But, according to *China Daily*, Nigerian President Obasanjo blasted the policy of the West on debt. He pointed out that Nigeria, with a foreign debt of \$30 billion, has to pay \$1.5 billion a year in debt service, which is three times its education budget and nine times its health budget.

"I want to spend all that on health. But how can I, when even for \$1.5 billion I am being called names, I am being

chased, I am being parried and hurried and harried because they [the creditors] believe that they must get their money at all costs?" Obasanjo asked.

"And I say to them that as a democrat, how can I give Nigerians the fruits of democracy or what they call the democracy dividend, if I cannot give them potable water, I cannot pave their roads, I cannot give them shelter, I cannot even prevent malaria or take care of malaria, which is a killer disease?"

In response to speculation that the G-8 will do nothing on the debt issue, Obasanjo said, "I will feel very bad, extremely bad, I will feel disappointed, I will feel frustrated, I will feel that our so-called development partners are really not our partners. I believe that the issue of debt is no longer an economic issue, it's a moral-cum-political issue. We know what we should do. It's a question of do we have the political will, do we have the moral ability to do what should be done."

The G-8 did proceed to do nothing on the issue of HIPC's, from all indications.

Nigerian Foreign Affairs Minister Reuben Onyia told the Nigerian press on July 26 that "no affirmative action was taken on debt cancellation," and that "without stability, democracy is worthless. Our people can't get their democratic dividend with all these debts hanging. We want the G-8 to understand this."

The Digital Divide

But if the leaders of the G-8 understood, they didn't do anything. Instead, they established the "Digital Opportunity Task Force," and issued an "Okinawa Charter on Global Information Society." Both were based on the idea that the solution to the problems of the world's poor nations, including pandemic diseases, lies with access to modern computer technology, and with increasing the deregulation and open markets, which the New Economy's "information technology" considers so essential. In fact, that deregulation and elimination of protection is what leaves these poor nations defenseless against looting by the multinationals and other foreign companies.

And what of the fact that many of these nations do not have clean water, hospitals, reliable power supplies, or any electricity at all? This question was raised by some reporters of U.S. Deputy National Economic Adviser Lael Brainard, during the course of the summit.

Brainard responded that the G-8 would take the conditions of particular countries into account, in effect, figuring out how to get around the lack of infrastructure such as electricity, rather than working to solve that rather fundamental problem in the least-developed countries.

As for the resources involved, and relative priorities, that is indicated by the fact that Japan pledged \$15 billion for the DOT Force, but only \$3 billion for the fight against infectious diseases, which is reducing the populations of more than a half-dozen nations of Africa.

The Role of Jubilee 2000

The G-8 was challenged on its obsession with the Internet, on-site, by the Jubilee 2000 Coalition, a British-based international group devoted to debt reduction for the HIPC's. Jubilee 2000 organized a protest where its members burned a laptop computer outside the Okinawa summit. "We can't eat computers," said the group's Africa coordinator. "People are dying." The Jubilee 2000 U.K. director said: "After their complete failure on debt, the G-8 leaders have no credibility at all. If they are hungry, the poorest people in the world cannot eat laptops."

But, appropriate as the Jubilee 2000 comments are, the group's approach to the global debt crisis is dangerous. Although many honest people have joined up in the naive hope of freeing poor countries of their genocidal debt burdens, and although Jubilee 2000 criticizes the conditionalities which the multilateral financial organizations have put on the HIPC's who request debt cancellation, the Coalition's approach is fraudulent. It is attempting to use the debt relief issue as a demagogical weapon to push through neo-colonial, one-worldist free-trade reforms, and to *prevent* the kinds of investment in heavy infrastructure and full-scale development which is actually required to escape poverty.

The most flagrant evidence that Jubilee 2000 will not actually aid the Third World countries which it claims to advocate for, is the fact that its *official* economic adviser is none other than the founder of shock therapy, Jeffrey Sachs. Sachs, in his current phase, is a virulent opponent of the International Monetary Fund (IMF) and its conditionalities, of course. But, so are a good number of the free-trade ideologues who write for the *Wall Street Journal* and other such rags! The key question lies in what Sachs and the Jubilee 2000 group demand that the world's poorest countries do in order to get their debt relief, and with the monies that they "save."

In an article by Sachs which appears on the web page of Jubilee 2000, the butcher of Poland admits that cancelling debt is not sufficient. An alternative policy is needed, he says. But that policy, as he outlines it, is centered around free trade and "appropriate" technologies — i.e., not the heavy technologies which built the infrastructure of the developed world, but "ecologically specific" technologies for Third World countries. In effect, Sachs proposes the even more radical free-market approaches of the Meltzer Commission, as an alternative to the IMF.

(*EIR* will publish a fuller report on the Jubilee 2000 Coalition in an upcoming issue.)

Regional Defense and New Bretton Woods

While the world's poorest nations, particularly heavily centered in Africa, have not moved to organize an alternative to the globalizers of either the IMF or Jubilee 2000 Coalition stripe, there are groupings of nations coming together who are beginning to do so. The center of this activity is Asia, and particularly the Association of Southeast Asian Nations

(ASEAN), plus China, South Korea, and Japan. This group put together a currency defense arrangement at Chiang Mai, Thailand on May 6-8 of this year, in a way which came as close as they dared to establishing an Asian Monetary Fund. And the cooperation for not only joint defense, but also economic and trade cooperation, is systematically moving ahead.

Just in late July, the “ASEAN Plus Three” met in Thailand again, and addressed the question of expediting infrastructure development and regional integration, including moving ahead the Mekong River Basin development plans.

What led the Asian nations to take this step, which the United States, the IMF, and others had successfully opposed back during the hot phase of the Asian financial crisis in 1997, was the fact that absolutely nothing had been done to protect them from another speculative assault, in addition to the ongoing strangulation of their economies by the global austerity policies. These nations all realize that Malaysia’s Prime Minister Dr. Mahathir bin Mohamad was right when he implemented currency protection measures in 1998, and they are headed unmistakably in the same direction.

While this expanding arrangement is no substitute for a new global monetary system, as LaRouche’s article in this issue elaborates (see p. 4), it does represent the fact that some of the world’s most populous and powerful nations have understood that the current IMF system is finished, and that they have to move in a different direction.

Bergsten Sees the Reality

The fact that some members of the Western-centered financial elite see the significance of these Asian developments, was reflected in a three-page warning by C. Fred Bergsten on momentum toward an Asian Monetary Fund, which was published in the July 15 edition of the London *Economist* magazine. Bergsten, who heads the Institute for International Economics in Washington and who headed the Eminent Persons Group of the Asia Pacific Economic Cooperation Forum during 1993-95, warns that East Asia is ready to go it alone, and will no longer kow-tow to the “Washington consensus.”

Bergsten began, “When it comes to international finance, two bodies like to think they are in charge of the architecture: the G-7 group of industrialized countries (G-8, when Russia is included), and the International Monetary Fund. Not quite so. In the medium term, at least, the most important changes to the world’s financial architecture are likely to come from the new regional arrangements being fashioned in East Asia by Japan, China, South Korea, and the ten members of the Association of Southeast Asian Nations (ASEAN). In trade, the same is true. . . . Virtually unnoticed by the rest of the world, East Asian countries are getting together to make their own economic arrangements. As the result, for the first time in history, the world is becoming a three-block configuration.”

He continued: “Structurally, at least, the ASEAN+3 is starting to look like the G-7. . . . The ASEAN+3 have announced a region-wide system of currency swaps to help them deal with future Asian crises. . . . ASEAN has created a surveillance mechanism to try to anticipate and head off future crises, using sophisticated early-warning indicators, and the Northeast Asian countries are jointly keeping an eye on short-term capital movements in the vicinity. There is much talk of common currency baskets and joint intervention arrangements, to replace both the discredited dollar pegs of the past and the costly free floats imposed by the crisis.”

Bergsten concluded, “An Asian Monetary Fund (AMF) is thus beginning to evolve, only three years after the idea was rejected out of hand. China, which condemned the original Japanese proposal, supports the present initiatives.” He warns that the current financial institutions had better sit up and take notice, and action, if they want to prevent this potentially powerful Asian bloc, with hundreds of millions of dollars and vast resources, from simply going off on its own.

This reality, which the G-8 chose to ignore, is not going away, any more than is the epidemic of infectious diseases and biological holocaust now killing the continents of Africa, Ibero-America, and Russia. The handwriting is on the wall: It’s either a New Bretton Woods, or a genocidal collapse into a New Dark Age.

The Way Out of The Crisis



A 90-minute video of highlights from *EIR*'s April 21, 1999 seminar in Bonn, Germany.

Lyndon LaRouche was the keynote speaker, in a dialogue with distinguished international panelists: **Wilhelm Hankel**, professor of economics and a former banker from Germany; **Stanislav Menshikov**, a Russian economist and journalist; Schiller Institute founder **Helga Zepp-LaRouche** from Germany; **Devendra Kaushik**, professor of Central Asian Studies from India; **Qian Jing**, international affairs analyst from China; **Natalya Vitrenko**, economist and parliamentarian from Ukraine.



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